

City of Belle Plaine

Belle Plaine Economic Development Authority

Business Subsidy Policy

I. Purpose

This document sets forth the business subsidy policy and specific criteria to be considered by the City of Belle Plaine and its Economic Development Authority in evaluating requests for business subsidies. In adopting these criteria, it is the intent of the City and Authority to comply with Minnesota Statutes, Sections 116J.993-116J.995 (the "Act"). The City and Authority hereby adopt the definitions contained in the Act for application in the criteria. The City and Authority have adopted this policy and these criteria after public hearing in accordance with the Act. This policy amends and restates the business subsidy policy adopted by the City and Authority on May 3, 2004. In this policy, references to "City" are intended to include both the City and the Authority.

II. Goals and Objectives

It is the City's intent to advance the following goals and objectives in granting business subsidies

- a. All business subsidies must be consistent with the City of Belle Plaine's comprehensive plan and any other similar plan or guide for development of the community.
- b. Recipients must enter into a subsidy agreement with the City that is consistent with the Act. The recipient must meet a public purpose, commit to retain at the site for five (5) years after the benefit date, meet a specific wage floor, and must set and meet wage and job goals, unless the public purpose is not employment, in which case after a public hearing, wage and job goals may be set at zero but the agreement must specify other tangible goals consistent with this policy.

III. Business Subsidy Criteria

Every business subsidy recipient must meet a public purpose, which may include, but not be limited to increasing the tax base. The following criteria shall be utilized in evaluating a request for a business subsidy, although meeting these criteria does not create a contractual right to a business subsidy, and the City may later modify these criteria, as permitted by the Act.

- a. *Increase in Tax Base.* While the Act provides that an increase in the tax base cannot be the sole grounds for granting a subsidy, the City of Belle Plaine gives a strong preference to proposed subsidies that increase the tax base.
- b. *Jobs and Wages.* Except as provided in paragraph c, every business subsidy recipient must create or retain the maximum number of jobs feasible for the proposed project and site, and these jobs must pay at least **[the federal minimum wage or 150% of the federal minimum wage]**. The jobs created may include jobs to be retained, but only if job loss is specific and demonstrable. The goals may also specify wage goals (consistent with the minimum described above) for any jobs to be enhanced through increased wages.
- c. *Other Goals.* If, after a public hearing, it is determined that creation or retention of jobs is not a goal, the wages and jobs required may be set to zero. If creation of jobs is not a goal, the business subsidy must achieve at least one of the following measurable, specific and tangible goals:
 - (1) The proposed subsidy must accomplish removal, rehabilitation or redevelopment of "blighted areas" as defined in Minnesota

Statutes, Section 469.002, subd. 11, or must constitute a cost of correcting conditions that allow designation of redevelopment districts under Minnesota Statutes, Sections 469.174 to 469.179; or

- (2) The proposed subsidy must result in improvements to public infrastructure or public facilities, including without limitation streets, sewers, stormsewers, streets, parks, recreational facilities, and other City facilities; or
- (3) The proposed subsidy must remove physical impediments to development of land, including without limitation poor soils, bedrock conditions, steep slopes, or similar geotechnical problems.

- d. *Economic or Redevelopment.* Business subsidies should promote one or more of the following goals within the City:
 - 1. Create higher paying jobs, jobs with better than prevalent benefits, or jobs with good opportunities for career advancement and training;
 - 2. Provide significant economic impact by attracting other businesses, jobs, or investment;
 - 3. Encourage economic and commercial diversity, including the range of goods and services available;
 - 4. Contribute to commercial development within a specific area;
 - 5. Provide basic goods and services;
 - 6. Encourage fast-growing business;
 - 7. Promote redevelopment objectives and removal of blight;
 - 8. Remediation of pollution;
 - 9. Promote the retention or appropriate reuse historically or architecturally significant buildings; or,
 - 10. Fully utilize existing or planned infrastructure improvements.

The City may deviate from these criteria in granting business subsidies if the reasons for the deviation are documented in writing and reported to the Department of Employment and Economic Development, pursuant to the Act.

IV. Compliance and Reporting Requirements

- a. A public hearing is required for every business subsidy granted by the City that exceeds \$100,000, or for which a hearing is otherwise required by the Act or other laws. Every business subsidy must be approved by the Belle Plaine City Council.
- b. Every recipient of a business subsidy must enter into a business subsidy agreement fulfilling the requirements of the Act.
- c. Both the business subsidy recipient and the City must comply with the reporting and monitoring requirements of the Act.
- d. If a business subsidy recipient fails to meet the goals set forth in the business subsidy agreement within two years, the business subsidy assistance plus interest must be paid back to the City, provided that repayment may be prorated to reflect partial fulfillment of the goals. Interest must be set at no less than that of the Revolving Loan Fund policy, or the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce, whichever is higher.
- e. The City may, after a public hearing, extend the time for compliance with business subsidy job and wage goals by up to one (1) year.

V. Application Process for Business Subsidies

The applicant will complete an application form provided by the City, along with the application fee based on the type of subsidy (i.e. Tax Increment Financing, Revolving Loan Fund, etc.), and provide other information as requested by the City.

- a. City staff and the City's consultants shall review the application materials and make preliminary recommendations to the Economic Development Authority and City Council as to the compliance of the application and proposed project with the business subsidy policy and the goals and criteria set forth herein.
- b. Final evaluation of the application shall include, in addition to items subject to preliminary review, a review of applicable credit analysis, financial structuring and legal compliance. A formal recommendation shall then be made to the City Council.
- c. After review of the final evaluation and formal recommendation, the City Council or Economic Development Authority, as appropriate, shall hold the appropriate public hearings, if they have not been held, and consider final approval of the granting of the business subsidy. All business subsidy agreements, whether entered into with the City or the EDA, are subject to approval by the City Council in accordance with the Act.
- d. Application and supporting materials shall become the property of the City of Belle Plaine.